

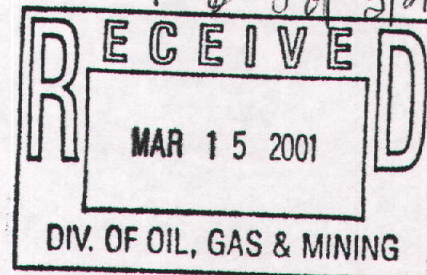
File Number M/051/001

Effective Date April 6, 2001

Other Agency File Number n/a

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

*This contract  
superseded 3/22/05.  
Returned this  
original to  
operator 5/2/05.*



### RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/051/001</u>
(Mineral Mined)	<u>Sandstone</u>
"MINE LOCATION":	
(Name of Mine)	<u>Heber Quarry</u>
(Description)	<u>4.9 miles east of Main Street in</u>
	<u>Heber City, on Center Street</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>15 7/2/01 Amended to 20.67 acres</u>
(Legal Description)	<u>(refer to Attachment "A")</u>
"OPERATOR":	
(Company or Name)	<u>Star Stone Quarries, Inc.</u>
(Address)	<u>4040 South 300 West</u>
	<u>Salt Lake City, Utah 84107</u>
(Phone)	<u>(801) 262-4300</u>



"OPERATOR'S REGISTERED AGENT":

(Name)  
(Address)

Lon A. Thomas  
4040 South 300 West  
Salt Lake City, Utah 84107

(Phone)

(801) 262-4300

"OPERATOR'S OFFICER(S)":

Lon Thomas, President  
Beverly Thomas, Secretary - Treasurer

"SURETY":

(Form of Surety - Attachment B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Redland Insurance Company  
#ABC0010194

"SURETY AMOUNT":

(Escalated Dollars)

\$68,000 <sup>7/24/01</sup> rider increased to 102,500

"ESCALATION YEAR":

2005

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Star Stone Quarries, Inc. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/051/001 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.



NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated July 13, 2000, and the original Reclamation Plan dated July 13, 2000. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's



request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.



OPERATOR:

Star Stone Quarries, Inc.

Operator Name

By Lon A. Thomas

Authorized Officer (Typed or Printed)

President

Authorized Officer - Position

x Lon Thomas

Officer's Signature

x 3-12-01

Date

STATE OF

Utah

COUNTY OF

Salt Lake

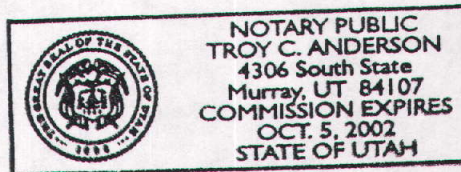
) ss:

On the 12 day of March, 20 01, personally  
appeared before me Lon Thomas who being  
by me duly sworn did say that he/she, the said Lon Thomas is  
the President of Star Stone Quarries Inc  
and duly acknowledged that said instrument was signed on behalf of said company by  
authority of its bylaws or a resolution of its board of directors and said  
Lon Thomas duly acknowledged to me that said company  
executed the same.

Troy C Anderson  
Notary Public  
Residing at: Murray

10-5-2002

My Commission Expires:





DIVISION OF OIL, GAS AND MINING:

By

Mary Ann Wright  
Mary Ann Wright, Associate Director

Date

April 6, 2001

STATE OF Utah )

COUNTY OF SALT Lake ) ss:

On the 6<sup>th</sup> day of April, 2001, Mary Ann Wright personally appeared before me, who being duly sworn did say that ~~he~~/she, the said Mary Ann Wright is the Associate Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and ~~he~~/she duly acknowledged to me that ~~he~~/she executed the foregoing document by authority of law on behalf of the State of Utah.



Victoria A. Bailey  
Notary Public  
Residing at: SALT Lake City, UT

February 29, 2004  
My Commission Expires:



ATTACHMENT "A"

Star Stone Quarries, Inc.

Operator

Heber Quarry

Mine Name

M/051/001

Permit Number

Wasatch

County, Utah

**The legal description of lands to be disturbed is:**

W 1/2 of SE 1/4

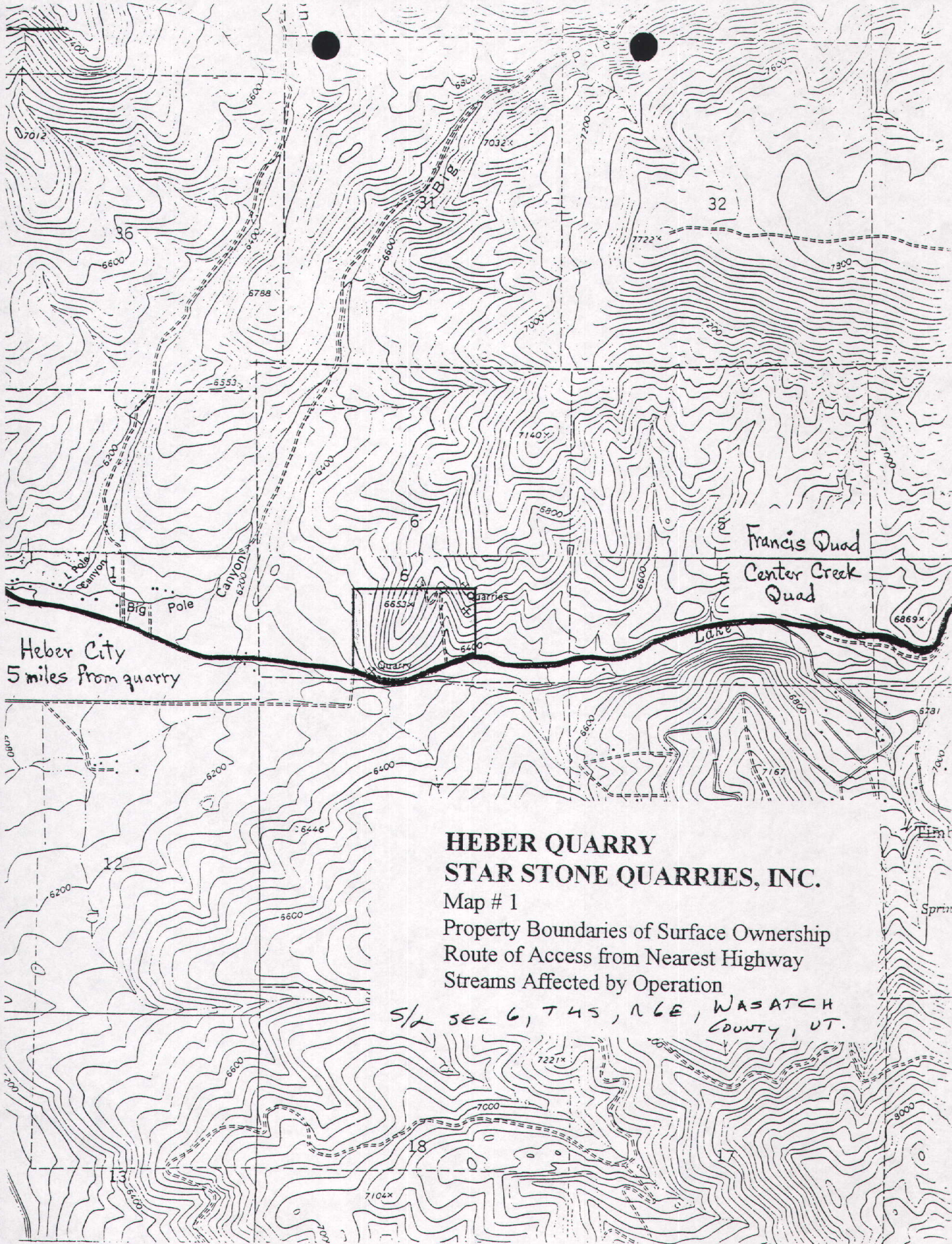
and

E 1/2 of SW 1/4

Section 6, Township 4 South, Range 6 East, SLBM

Wasatch County, Utah





Heber City  
5 miles from quarry

Francis Quad  
Center Creek  
Quad

**HEBER QUARRY**  
**STAR STONE QUARRIES, INC.**  
Map # 1  
Property Boundaries of Surface Ownership  
Route of Access from Nearest Highway  
Streams Affected by Operation

S/4 SEC 6, T4S, N6E, WASATCH  
COUNTY, UT.

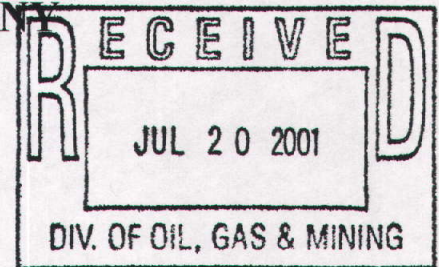


*Surety  
Replaced  
this  
original  
returned.*

*m/05/001*

**REDLAND INSURANCE COMPANY**

**BOND RIDER**



To be attached to and form a part of The Mined Land Reclamation Act Surety  
Bond No. ABC0010194 Dated 2/23/01 of Star Stone Quarries, Inc.  
, as Principal, and  
**REDLAND INSURANCE COMPANY**, as Surety, in favor of The State of Utah  
, as Oblige.

It is understood and agreed that the Bond is changed or revised in the particulars as indicated below:

**BOND AMOUNT BE *INCREASED* FROM \$68,000.00 TO \$102,500.00.**

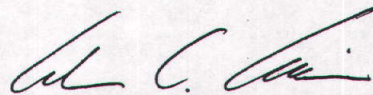
Said Bond shall be subject to all its terms, conditions, and limitations, except as herein expressly modified.

This Bond Rider shall become effective: July 3, 2001

IN WITNESS WHEREOF, **REDLAND INSURANCE COMPANY** has caused its corporate seal to be hereunto affixed this 3rd day of July, 20 01.

**REDLAND INSURANCE COMPANY**

(Seal)

  
\_\_\_\_\_  
Andrew C. Allison, Attorney-in-Fact



# POWER OF ATTORNEY

ACCEPTANCE INSURANCE COMPANY

REDLAND INSURANCE COMPANY

ABC0010194

KNOW ALL MEN BY THESE PRESENTS: That ACCEPTANCE INSURANCE COMPANY AND REDLAND INSURANCE COMPANY (Collectively referred to as "Company"), having its executive Offices in County of Douglas, State of Nebraska, has made, constituted and appointed, and does by these presents make, constitute and appoint:

*Andrew C. Allison; Tina E. Switzer; Altus E. Wilder, III*

its true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred in its name, place and stead, to execute, seal, acknowledge and deliver any and all bonds, undertakings, recognizances or other written obligations in the nature thereof in any amount up to \$3,000,000 for any single obligation and to bind the Corporation thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Corporation and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney(s)-in-Fact may do in the premises.

This power of attorney is signed and sealed under and by the authority of the following Resolution adopted by the Board of Directors of the Company at a meeting duly called and held on the 18th day of October, 1993, and said Resolution has not been amended or repealed:

"RESOLVED, that the Chairman of the Board, the President, an Executive Vice President or a Vice President be, and that each of them is, authorized to execute Powers of Attorney qualifying the Attorney(s)-in-Fact named in the given Power of Attorney to execute in behalf of the Company, bonds, undertakings and other instruments of similar nature, and said officers may rename any such Attorney(s)-in-Fact or agent and revoke any Power of Attorney previously granted to such person.

FURTHER RESOLVED, that the signatures of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be binding upon the Company when so affixed and in the future with respect to any bond, undertaking or instruments of similar nature to which it is attached."

IN WITNESS WHEREOF, the Company has caused these presents to be signed by its Vice-President and its corporate seal to be hereunto affixed this 22<sup>ND</sup> day of APRIL, 1999.



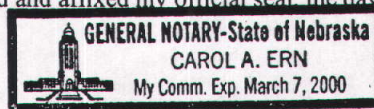
ACCEPTANCE INSURANCE COMPANY  
REDLAND INSURANCE COMPANY

by: *John R. Svoboda*  
John R. Svoboda, Vice President

STATE OF NEBRASKA )  
COUNTY OF DOUGLAS )<sup>ss</sup>

On this 22nd day of April, 1999, before me personally came John R. Svoboda to me known, who, being by me duly sworn, did depose and say: that he is a Vice President of ACCEPTANCE INSURANCE COMPANY and REDLAND INSURANCE COMPANY, the Corporations described in and which executed the above instrument; that he knows the seals of said Corporations; that the seals affixed to the said instrument are such corporate seals; that they were so affixed by order of the Board of Directors of said Corporations and that he signed his name thereto by like order.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year herein first above written.



*Carol A. Ern*  
Carol A. Ern, Notary Public

CERTIFICATE

STATE OF NEBRASKA )  
COUNTY OF DOUGLAS )<sup>ss</sup>

I, the undersigned, Secretary of ACCEPTANCE INSURANCE COMPANY and REDLAND INSURANCE COMPANY, DO HEREBY CERTIFY that the above and foregoing is a true and correct copy of the POWER OF ATTORNEY executed by said Companies which is in full force and has not been revoked; and furthermore that the Resolution of the Board of Directors set forth in the Power of Attorney is now in force.

Signed and sealed at the County of Douglas. Dated the 3<sup>rd</sup> day of JULY 2001.



*Peter A. Knolla*  
Peter A. Knolla, Secretary

IF YOU HAVE ANY QUESTIONS CONCERNING THE AUTHENTICITY OF THIS DOCUMENT, YOU ARE URGED TO CONTACT OUR POWER OF ATTORNEY CUSTODIAN AT 402-344-8800 WHOSE OFFICE IS LOCATED AT 222 SOUTH 15th STREET, SUITE 600 N.; OMAHA, NE 68102.



ATTACHMENT B

FORM MR-5  
January 19, 2000

Bond Number ABC0010194  
Permit Number M/051/001  
Mine Name HEBER QUARRY



STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas and Mining  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
Telephone: (801) 538-5291  
Fax: (801) 359-3940

THE MINED LAND RECLAMATION ACT.

SURETY BOND

\*\*\*\*\*

The undersigned STAR STONE QUARRIES, INC., as Principal, and REDLAND INSURANCE COMPANY, as Surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors, and assigns, jointly and severally, unto the State of Utah, Division of Oil, Gas and Mining (Division) in the penal sum of SIXTY EIGHT THOUSAND AND NO/00\*\*\*\*\* dollars (\$68,000.00\*\*\*\*\*).

Principal has estimated in the Mining and Reclamation Plan approved by the Division on the 2nd day of December, 20 02, that 15 \* acres of land will be disturbed by mining operation in the State of Utah. \*amended to 20.67 acres.

A description of the disturbed land is attached as "Attachment A" to the Reclamation Contract, of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and Reclamation Plan and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the

*Surety replaced  
this original  
returned to operator  
5/2/05.*



expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

STAR STONE QUARRIES, INC.  
Principal (Permittee)

Lon Thomas  
By (Name typed):

Pres.  
Title

Lon Thomas  
Signature

3 - 7 - 01  
Date

**Surety Company**

REDLAND INSURANCE COMPANY  
Surety Company Name

ANDREW C. ALLISON  
Surety Company Officer

ATTORNEY-IN-FACT  
Title/Position

Andrew C. Allison  
Signature

222 S. 15TH ST., 6TH FLOOR  
Street Address

OMAHA, NE 68102  
City, State, Zip

(402) 344-8800  
Phone Number

FEBRUARY 23, 2001  
Date



Page 3  
MR-5 (revised January 19, 2000)  
Attachment B

Bond Number ABC0010194  
Permit Number M/051/001  
Mine Name HEBER QUARRY

SO AGREED this 6th day of April, 20 01.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

On the 28th day of FEBRUARY, 20 01, ANDREW C. ALLISON  
personally appeared before me, who being by the duly sworn and legible, the said  
ANDREW C. ALLISON is the ATTESTING OFFICER of  
REGLAND INSURABLE COMPANY and that he acknowledged and instrument was  
signed on behalf of said company by authority of the board of directors and said  
company executed the same, and that he/she is duly qualified to perform the  
foregoing obligations; that said Surety is authorized to execute the same in all  
respects with the laws of Utah in reference to the same.

for Lowell P. Braxton, Director  
Utah State Division of Oil, Gas and Mining

Signed: [Signature]  
Surety Officer

\*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

STATE OF OKLAHOMA

COUNTY OF OKLAHOMA

Subscribed and sworn to before me this 21st day of FEBRUARY, 20 01.

Lisa Elaine Smith  
Notary Public, 5400 N. GRAND BLVD., STE. 140  
Bartlesville, OKLAHOMA CITY, OK 73112

My Commission Expires:

9-10 20 01